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Red Clay spent too much local money, state auditor says

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By **Antonio Prado**
Community News

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Hockessin, Del. — The state auditor's office has released a report that says the Red Clay Consolidated School District spent a disproportionate amount of local funds on "specialists" and substitute teachers during the 2007 fiscal year.

In addition, the Delaware Office of Auditor of Accounts also said the district is foregoing between \$1.29 million and \$2.26 million in revenue annually by not requiring The Charter School of Wilmington to pay rent for its use of the

Wilmington High School campus.

These findings and more were released Wednesday by Auditor of Accounts R. Thomas Wagner. The Delaware Department of Education requested the audit of Red Clay after the state Financial Recovery Team assigned to the financially troubled district released its report December 13. The Financial Recovery Team, assembled at the request of Secretary of Education Valerie A. Woodruff, assumed indefinite oversight of expenditures and hiring in Red Clay a year ago.

Red Clay cooperated entirely with the audit, according to district officials. While they do not agree with all of the audit's findings, they do agree with other findings, including things previously reported by the state Financial Recovery Team. They pointed out that corrective action has already been taken, in several cases prior to the start of the audit review.

"It is our hope that this audit will confirm in the public's mind that Red Clay has acknowledged and addressed previously reported problems in Fiscal Year 2007," said Superintendent Robert J. Andrzejewski. "However, some of the results cited in this report veer into policy and management areas that complied with all laws and procedures and were made based on their educational value."

Wagner's report reviewed, among other things, 14 specialists employed by the district during the 2007 fiscal year. Financial Recovery Team member Frank Rishel, who was assigned to work within Red Clay a year ago, dubbed these employees as "quasi administrators." The salaries and other costs for these employees was \$1.26 million, 62 percent of which were paid for with local funds.

When the financial team gave its report, Rishel said the district had not done anything wrong in its hiring practices - but whenever a district hires above what the state will pay for, it had better have enough of a cash reserve to cover the costs. Red Clay did not have enough local reserves on hand, he said at the time.

The larger school districts, including Red Clay and Brandywine, have long argued that it is hard to operate without some positions that are primarily locally funded.

But Wagner said perhaps the state should consolidate some school districts, or make some of the larger ones

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smaller.

"Close to \$1.3 million for those positions a year is pretty decent money," he said in an interview with the Community News. "Public education is not lacking administrators."

As for substitute teachers, Red Clay paid the vendor Substitute Teacher Service Inc. \$2.89 million for substitute teaching services, 86 percent of which was paid for with local funding. It could have saved \$191,880 by coordinating this service in house, the audit report says.

Red Clay also did not collect adequate revenue to fund its special education programs and had to borrow \$2.3 million from Commerce Bank, (a short-term loan since paid off by the district). The audit report recommended that the district "levy a tax rate sufficient to cover the expenditures of the tuition tax program."

Indeed, Red Clay increased this portion of the tax rate by 5.2 cents to 32 cents per \$100 of assessed property value for the 2008 fiscal year. The Board does not depend on referenda to set this rate.

As for the Charter School of Wilmington, which opened in 1996 when it got its charter from Red Clay, the school enjoys a \$1 per year lease. In the audit report's auditee response section, Red Clay countered that it has met the state requirement of making any excess space available, and that the school "is charged with all direct costs associated with use of the space."

The 2007 fiscal year was a very lean time, the district was pretty much out of money, and it has since earnestly worked on changing things, Wagner said.

"While the past had a lot of issues, I think they are working to fix some of those problems," he said.

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